

STATE OF SOUTH CAROLINA

(Caption of Case)

Application of Americatel Corporation and Startec
Global Operating Company for Approval of a Pro
Forma Restructuring

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

COVER SHEET

DOCKET
NUMBER: 2007 - 416 - C

(Please type or print)

Submitted by: John J. Pringle, Jr.

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DOCKETING INFORMATION (Check all that apply)

☐ Emergency Relief demanded in petition

☒ Request for item to be placed on Commission's Agenda expeditiously

☐ Other:

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)		
<input type="checkbox"/> Electric	<input checked="" type="checkbox"/> Affidavit	<input type="checkbox"/> Letter	<input type="checkbox"/> Request
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certification
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigation
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition
<input checked="" type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other: _____
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest	
<input type="checkbox"/> Other: _____	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit	
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report	

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ELLIS:LAWHORNE

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January 3, 2008

FILED ELECTRONICALLY AND ORIGINAL VIA 1ST CLASS MAIL SERVICE

The Honorable Charles L.A. Terreni
Chief Clerk
South Carolina Public Service Commission
Post Office Drawer 11649
Columbia, South Carolina 29211

RE: Application of Americatel Corporation and Startec Global Operating
Company for Approval of a *Pro Forma* Corporate Restructuring
Docket No. 2007-416-C, Our File No. 1389-11561

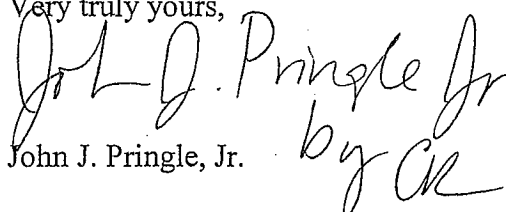
Dear Mr. Terreni:

Enclosed is the original and one (1) copy of the **Verified Testimony of Robert Felgar** filed in the above-referenced docket. Applicants request expedited review of this matter. The Office of Regulatory Staff ("ORS") has been consulted and does not oppose this request.

Please acknowledge your receipt of this document by file-stamping the copy of this letter enclosed, and returning it in the enclosed envelope.

If you have any questions or need additional information, please do not hesitate to contact me.

Very truly yours,


John J. Pringle, Jr.

JJP/cr

cc: Nanette S. Edwards, Esquire (via electronic and 1st class mail service)
Stefanie Alfonso-Frank, Esquire (via electronic mail service)
Robert Felgar (via electronic mail service)

Enclosures

THIS DOCUMENT IS AN EXACT DUPLICATE OF THE E-FILED COPY SUBMITTED TO THE COMMISSION IN ACCORDANCE WITH ITS ELECTRONIC FILING INSTRUCTIONS.

**BEFORE THE
PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
DOCKET NO. 2007-416-C**

**JOINT APPLICATION OF
AMERICATEL CORPORATION
AND STARTEC GLOBAL
OPERATING COMPANY FOR
APPROVAL OF A *PRO FORMA*
CORPORATE RESTRUCTURING**

**VERIFIED TESTIMONY OF ROBERT
FELGAR**

1 **Q: Please state your name, title and business address.**

2 **A: My name is Robert Felgar. I am General Counsel of Startec Global Operating Company**
3 **(“Startec”) and Americatel Corporation (“Americatel”). My business address is 7361**
4 **Calhoun Place, Suite 650, Rockville, Maryland 20855.**

5 **Q: Please describe your responsibilities for Startec Global Communications**
6 **Corporation.**

7 **A: As General Counsel of Startec and Americatel, I am responsible for all of Startec’s and**
8 **Americatel’s legal matters, including relations with government regulatory agencies and**
9 **regulatory compliance.**

10 **Q: Please describe your educational and professional background.**

11 **A: I have over nine years of experience in the telecommunications industry. I practiced**
12 **telecommunications law in law firms for over seven years representing both incumbent**
13 **and competitive telecommunications providers before the Federal Communications**
14 **Commission and state public utility commissions. I have served as in-house counsel for**
15 **Startec for approximately two and a half years and have been responsible for relations**
16 **with government regulatory agencies and regulatory compliance.**

1 I received a Bachelor of Arts degree in 1992 from McGill University in Montreal,
2 Quebec, Canada; a Master of Arts degree in economics in 1994 from Queen's University
3 in Kingston, Ontario, Canada; and a Juris Doctor degree in 1997 from The George
4 Washington University Law School in Washington, D.C.

5 **Q: Have you testified before the Public Service Commission of South Carolina (the**
6 **"Commission") previously?**

7 **A:** Yes, I submitted Prefiled Testimony in Docket No. 2007-134-C.

8 **Q: Have you read the instant Joint Application?**

9 **A:** Yes, I have.

10 **Q: What is the purpose of your testimony?**

11 **A:** The purpose of my testimony is to describe and support the Joint Application of Startec
12 and Americatel (collectively, "Applicants"), for grant of such authority as may be
13 necessary or required to enable the companies to consummate a *pro forma* restructuring
14 involving the merger of the Applicants, with Americatel surviving.

15 **Q: Please briefly describe Startec Global Operating Company.**

16 **A:** Startec is a Delaware corporation with its principal place of business located at 7361
17 Calhoun Place, Suite 650, Rockville, Maryland 20855. Startec is a wholly owned direct
18 subsidiary of Startec Global Communications Corporation ("SGCC"), also a Delaware
19 corporation. Platinum Equity, LLC ("Platinum Equity") acquired indirect control of and
20 Startec on July 12, 2007, when it acquired indirect ownership of 100 percent of the equity
21 in SGCC. Startec provides long distance, Internet, and other communications services to
22 persons and businesses residing in 49 states (all except Alaska) and the District of
23 Columbia. In South Carolina, Startec is authorized to provide resold interexchange

telecommunications service through orders of the Commission”) in Docket No. 98-32-C, Order No. 1998-487 (June 26, 1998); Docket No. 98-606-C; Order No. 1999-109 (February 10, 1999 and July 28, 1999); Docket No. 2007-111-C (May 16, 2007). Startec provides its services primarily to customers who place a significant number of calls to international destinations.

Q: Please briefly describe Americatel Corporation.

A: Americatel is a Delaware corporation with principal offices located at 4045 NW 97th Avenue, Miami, Florida 33178, tel. (305) 717-0200. Serving the needs of United States customers with connections to Latin America and the Caribbean, Americatel provides international and domestic facilities-based and resold long distance services, including “dial around” casual calling (*i.e.*, 1010XXX) service and presubscribed 1+ calling services, in each of the 48 contiguous states. In South Carolina, Americatel is authorized to operate as a reseller of telecommunications services pursuant to authority granted by Order Nos. 1998-487 issued in Docket 98-32-C (June 26, 1998). Based on its history of successful operations, Americatel has amply demonstrated its qualifications to serve Startec’s customers.

Q: Please briefly describe Platinum Equity, LLC.

A: Platinum Equity, a limited liability company formed under the laws of Delaware and headquartered in Beverly Hills, California, has indirectly held 95 percent of the equity of Americatel since July 2006. Platinum Equity currently holds its 95 percent interest in Americatel through its wholly-owned subsidiary, EnergyTRACS Acquisition Corp. (“EnergyTRACS”), a Delaware corporation, and MTAC Holding Corporation, a Delaware corporation that is a wholly-owned subsidiary of EnergyTRACS. This

1 Commission was notified of Platinum Equity's acquisition of Americatel pursuant to a
2 notice filed with the Commission on April 20, 2006. Platinum Equity acquired indirect
3 control of Startec on July 12, 2007, when it acquired indirect ownership of 100 percent of
4 the equity in Startec. This Commission was notified of this indirect transfer of control
5 pursuant to a notice filed with the Commission on April 9, 2007. Platinum Equity
6 currently holds its interest in Startec through EnergyTRACS and SGCC, which is a direct
7 subsidiary of EnergyTRACS.

8 Platinum Equity is a global firm specializing in the merger, acquisition and
9 operation of companies that provide services and solutions to customers in a broad range
10 of business markets, including information technology, telecommunications, and
11 logistics, manufacturing, and entertainment distribution. Since its founding in 1995,
12 Platinum Equity has acquired more than 70 businesses with more than \$16 billion in
13 annual aggregate revenue at the time of acquisition.

14 **Q: Please describe the Transaction.**

15 **A:** The Applicants request approval for a *pro forma* corporate restructuring in which Startec
16 will be merged with and into Americatel, with Americatel surviving. As a result of the
17 merger, Startec and SGCC, its immediate parent and a holding company, will cease to
18 exist and Americatel will become the operating telecommunications service provider in
19 South Carolina, serving all Americatel and Startec customers. Upon completion of this
20 *pro forma* corporate restructuring, Startec's Certificate of Public Convenience and
21 Necessity will be cancelled and its tariff adopted by Americatel. Americatel will assume
22 the customers and operations of Startec but will continue to use the Startec brand name
23 for those customers, possibly on a co-branded basis. Americatel will provide service to

1 all of its customers, including those served under the Startec brand name, pursuant to its
2 existing Certificate of Public Convenience and Necessity as granted by the Commission.

3 **Q: Why do Applicants seek expedited treatment?**

4 **A:** Applicants request that the Commission act expeditiously, to the extent necessary, to grant
5 the approval requested before March 31, 2008, so that the Applicants may timely meet
6 important business objectives. Applicants anticipate that this transaction will allow
7 affiliated telecommunications carriers to realize significant cost savings and operational
8 benefits. Such savings may result from network integration, lower international termination
9 costs as a result of larger traffic volumes, synergies from information systems integration,
10 and other sources. These cost savings and benefits will cause Americatel to become a
11 stronger competitor in the marketplace and will allow it to continue to provide high quality
12 and low cost telecommunications services to South Carolina residents.

13 **Q: Please describe the effect of the Transaction on the South Carolina consumers**

14 **A:** No customers will be adversely affected by this cancellation, because no existing service
15 will be discontinued, reduced, impaired or interrupted as a result of the proposed *pro*
16 *forma* merger.

17 **Q: Please describe the financial and managerial qualification of Americatel**
18 **Corporation.**

19 **A:** Platinum and Americatel have the technical, managerial and financial qualifications to
20 serve Startec's customers. As further support, Americatel provided under seal as
21 Exhibit D to the Joint Application information demonstrating its financial resources.

22 **Q: Please describe the public interest benefits associated with the Transaction.**

1 **A:** The proposed transaction will serve the public interest in South Carolina. *First*, the
2 proposed transaction will streamline and eliminate inefficiencies from the business and
3 administrative operations of Startec and Americatel. Specifically, the Applicants anticipate
4 that this transaction will allow them to realize significant cost savings and operational
5 benefits. Such savings are likely to result from network integration, reduced overhead and
6 administrative costs, synergies from information systems integration, and other sources.
7 These cost savings and benefits will cause Americatel to become a stronger competitor in
8 the marketplace and will allow it to continue to provide high quality and low cost
9 telecommunications services to South Carolina residents. *Second*, the proposed transaction
10 will strengthen competition in South Carolina by helping Americatel's business to grow
11 and by putting Americatel in a better position to expand its service offerings. As
12 Americatel's presence in South Carolina expands, Americatel will be better able to
13 achieve economies of scale and scope, which will permit it to offer lower prices, maintain
14 and improve service quality, and launch new services. As a result, Americatel will
15 become a stronger competitor, bringing more of the well-recognized benefits of vigorous
16 competition to telecommunications customers throughout South Carolina. *Third*, the
17 transaction will benefit customers by permitting Americatel to integrate Startec's assets
18 into its own services to create new, "best-of-class" offerings. In this way, the sale will
19 ensure that the benefits Startec's customers currently enjoy remain available to them, and
20 also may become available to Americatel's existing customers, benefiting the entire
21 merged customer base.

22 **Q:** Will Americatel assume the obligations that Startec may have incurred relative to
23 its operation as a telecommunications carrier in South Carolina?

1 A: Yes. Americatel will assume any obligations that Startec has incurred with respect to the
2 South Carolina Universal Service Fund ("USF"), the Interim LEC Fund ("ILF") and/or
3 the Gross Receipts Assessment.

4 **Q: Does this conclude your testimony?**

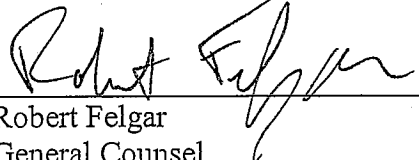
5 A: Yes.

6

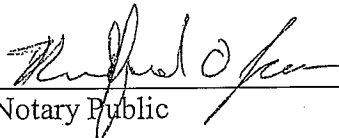
VERIFICATION

Robert Felgar, being first duly sworn, on oath, deposes and states that he is the General Counsel of Startec Global Operating Company and Americatel Corporation and that he has read the above and foregoing testimony and knows the contents thereof, and that the same are true to the best of his knowledge, information, and belief.

STARTEC GLOBAL OPERATING
COMPANY
AMERICATEL CORPORATION


Robert Felgar
General Counsel

Subscribed and sworn to before me this 24th day of December, 2007.


Notary Public

My Commission expires: 11/5/2011